



Illinois Department of Revenue

Informational Bulletin

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Retailers' Occupation Tax Exemption for Vehicles Sold for Rental

All Business that file Form ST-556, Sales Tax Transaction Return

For information . . .

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tax.illinois.gov

Call us —
1 800 732-8866 or
1 217 782-3336
1 800 544-5304 (TDD only)

Write us —
Illinois Department of Revenue
P.O. Box 19044
Springfield, IL 62794-9044

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This bulletin is written to inform you of recent changes; it does not replace statutes, rules and regulations, or court decisions.

Beginning with vehicles sold on or after January 11, 2008, Public Act 95-707 reinstates the exemption under the Retailers' Occupation Tax Act for vehicles sold that will be rented for a period of one year or less.

How is "vehicle" defined?

"A motor vehicle of the first division, a motor vehicle of the second division that is a self contained motor vehicle designed or permanently converted to provide living quarters for recreational, camping, or travel use, with direct walk through access to the living quarters from the driver's seat, or a motor vehicle of the second division that is of the van configuration designed for the transportation of not less than 7 nor more than 16 passengers, as defined in Section 1-146 of the Illinois Vehicle Code, that is used for automobile renting, as defined in the Automobile Renting Occupation and Use Tax Act."

How does this change affect vehicle retailers?

To qualify for the exemption, the purchaser must give their Illinois Business Tax Number to the vehicle retailer. The vehicle must be rented for a period of one year or less and be subject to the Automobile Renting Occupation and Use Tax Act." Retailers must once again mark Line 5 (e), Sold for rental use, on Form ST-556, when making this type of sale to claim the exemption.

Is this exemption retroactive?

No. For the period of time beginning September 1, 2007 through January 10, 2008, the exemption does not apply and you must follow the instructions provided in Informational Bulletin FY 2008-01. The reinstatement of this exemption begins January 11, 2008.

